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DOS review completed

**GENERAL**

1. Finns continue to stall on Soviet pact--According to US Minister Warren, Finnish Foreign Minister Enckell has told French Minister Coulet in Helsinki that: (a) President Paasikivi on 27 February acknowledged by letter the receipt of Stalin's communication concerning a Soviet-Finnish mutual assistance pact; (b) Enckell believes that such a pro forma acknowledgement will anger Stalin and expects a coup at any moment; and (c) Paasikivi is still determined not to go to Moscow.

(CIA Comment: CIA believes that the Finnish Government will eventually sign a mutual assistance pact with the USSR. CIA doubts, however, that such a pact would immediately reduce Finland to complete Satellite status, because: (a) the Communist Party in Finland is not capable of staging a coup without Soviet armed support; and (b) the USSR does not appear willing to risk the possible international consequences of such armed intervention at this time.)

2. Possible French action to support De Gasperi Government--According to US Embassy Paris, the French Foreign Office has been "very severely shaken" by the Czechoslovak coup, considers Finland already lost, and feels "the gravest concern" over the situation in Italy. The Foreign Office believes that the next major effort by the Kremlin will be to establish a Communist-dominated regime in Italy "in the next several months" but feels that there is still a reasonable possibility of saving the situation if the De Gasperi Government can receive sufficient support from the western democracies before the April elections.

The Embassy reports that Foreign Minister Bidault wants to give all possible support to the De Gasperi Government and intends to seek Cabinet approval in order to take the following steps: (a) grant Italy permission to appoint military and naval attaches in Paris; (b) re-cede to Italy part of

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the territory acquired by France under the Italian peace treaty; (c) give Italy full support for trusteeship over its former colonies; and (d) conclude the French-Italian customs union agreement by approximately 15 March.

The Embassy adds that the Foreign Office believes that France will have less than an even chance of resisting the Communist drive if the Communists become dominant in Italy following the April elections. The Foreign Office also feels that April, May, and June will be the months of critical importance in determining whether or not "the line can be successfully held in western Europe."

(CIA Comment: CIA believes that in the event of the accession to power by the Italian Communists, the attitude of the French toward Communism will be stiffened rather than weakened and that French capabilities for resisting a Communist drive would be increased. CIA believes that the steps proposed by Bidault can be appreciably effective in swinging the elections in De Gasperi's favor.)

3. US decision on Austrian treaty requested--The US delegation to the current London conference reports that while US Commissioner Keyes, US Minister Erhardt, and the delegation itself are agreed that the immediate conclusion of an Austrian treaty is desirable from the political and economic standpoints, their discussions have raised "serious question" as to whether it is desirable from a strategic point of view. The delegation reports General Keyes' views that a US troop withdrawal would involve surrender of US strategic advantages. The US delegation considers that because the London sessions have progressed to the point where negotiation on specific Soviet proposals is imminent, it is essential that the US position be "fully agreed upon." The delegation therefore requests a decision from Washington on the strategic considerations involved.

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**EUROPE**

4. **FRANCE:** Uneasiness over possible governmental crisis. US Charge Bonbright in Paris reports that increasingly severe Assembly criticism of the Government's economic policy has led to considerable uneasiness in French official circles over the possibility of a governmental crisis. A reliable and high-ranking official of the Interior Ministry has expressed to Bonbright the fear that in the next ten days these parliamentary attacks will be intensified. Bonbright adds the view of the Interior Ministry that if the Government's stabilization measures should fail, a Communist offensive similar to that of last November and December is a "good possibility" for the latter part of April or May.
5. **ROME:** Communist pre-election violence believed unlikely. Ambassador Dunn concurs generally with the recent UK Foreign Office estimate that Italian Communists are unlikely to create strikes in Italy before the April election. Dunn believes, however, that the Communists may resort to violence if they feel the trend is going against them and observes that Italian Communist organization and capabilities remain undiminished.
6. **CZECHOSLOVAKIA:** Suspension of freight shipments recommended. US Ambassador Steinhardt believes that the temporary stoppage of all freight movements by rail or barge between Czechoslovakia and the US-UK Zone Germany would induce the Czechoslovak Cabinet to moderate its currently hostile attitude toward US activities in Czechoslovakia.

**THE AMERICAS**

7. **GUATEMALA:** Relations with UK may be broken. The British Minister in Guatemala City has informed US Ambassador Kyle that "Guatemala may be preparing to break diplomatic relations" with the UK as a consequence of the present Belize controversy.

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8. **PERU: New Cabinet believed anti-democratic--US Embassy** Lima interprets the recent appointment of a Peruvian all-military Cabinet as a movement away from democratic government and estimates that new persecutions of Apra (the non-Communist leftist party) may be forthcoming. The Embassy adds that it considers the new Cabinet as friendly to the US as the one it replaced.

(CIA Comment: CIA indicated the possibility of such a Cabinet change [redacted])

[redacted] CIA concurs in this view of the anti-democratic nature of the Cabinet and believes that Apra is not in a position to rally sufficient force seriously to oppose the Cabinet.)

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